

Kevin Ranker

2011 Legislative Session Wrap-up



Majority Assistant Whip

Committees:

- Natural Resources & Marine Waters (Chair)
- Environment, Water & Energy
- Transportation

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Dear Neighbors,

As you've probably heard, the 105-day legislative session and subsequent 30-day special session came to a close last month after grappling with the most challenging budget shortfall in our state's history.

The regular 105-day session was simply not enough time to deliberate and make thoughtful decisions about developing a responsible state budget for the next two years, which is why we came back to the Capitol for a 30-day special session a day after the Legislature adjourned from the regular 2011 session at the end of April. Special sessions are not uncommon, especially in times of economic crisis; we've had 20 special sessions since 1980. It is important to point out that the Legislature absorbs the costs into its existing budget. This prevents a special session from causing any increased cost to taxpayers.

There's no question that this session was by far the most difficult of my legislative career. State revenues were down by nearly \$5 billion for the coming 2011-2013 budget cycle, which forced the Legislature to pass a budget that will reduce state spending on many critical community services by \$4.6 billion – more than 12 percent of the overall budget. While it was not a budget any of us wanted to pass, as we faced the worst revenue shortfall in our state's history, ultimately, we had to make very difficult decisions to get the job done in order to keep state moving forward.

Despite the enormous budget challenges this session, while they were impacted, we were able to preserve many critical services and programs in the budget and also managed to make significant policy reforms along the way. Read on for our accomplishments in these areas and to hear how we dealt with the budget crisis in specific areas of government.

Serving you in our state legislature continues to be a great honor. Thank you for allowing me to represent your voice in Olympia. As always, never hesitate to share your thoughts and concerns about how we can work together to make our wonderful state even better. Now that session is over, I am back in the beautiful 40th district. Please contact me at either of my district offices if you care to share any ideas or issues with me. My door is always open.

Sincerely,

Kevin Ranker

Operating Budget

The vast majority of our focus during session was on the operating budget and charting a course toward long-term economic recovery while trying to meet the growing needs of our communities during our recession.

The Great Recession has continued to have a brutal impact on state government. It has eliminated approximately \$15 billion, or an 18% decline, in revenues from the state. This means that right at the time that people are struggling, and critical community programs such as Basic Health, senior services or Apple Health for kids are even more necessary, we have less money for them.

An additional complication in the state's budgeting process is the tight constraints on where we can make cuts. Sixty percent of the budget is protected due to constitutional, legal and contractual obligations, and federal requirements. These programs include basic education, medical assistance, debt service and the capital and transportation budgets. The areas in which we can cut are, unfortunately, some of those most important to our communities. These include the remainder of K-12 education, 100% of higher education, 100% of natural resources, and the remainder of our social service and healthcare spending.

While we were able to maintain some of the most important programs that families and businesses depend on at a greater capacity than we had hoped, they were still impacted. Understand that this budget will have major impacts on our communities. It was a

very difficult budget to vote for, but it was a budget of necessity.

In the budget, we prioritized greater funding for basic education, levy equalization, K-4 class-size enhancement for high poverty schools and full-day kindergarten for students in some of the poorest schools. While these areas were impacted, our prioritization ensured that they felt less of an impact than under original proposals.

This budget also preserves key parts of the social safety net, such as Disability Lifeline, the Basic Health Plan and Apple Health for Kids. These critical programs were impacted, but not eliminated, as was proposed in initial budget discussions.

This budget also continues investments in other important programs, such as prison safety, treatment for offenders in juvenile rehabilitation, and in rural drug task forces.

2011-13 Budget Overview

- Spends approximately \$32.2 billion.
- Makes reductions of \$4.6 billion for the 11-13 biennium.
- Leaves a reserve of over \$723 million.
- Provides a funding level of \$13.8 billion for K-12.
- Preserves as much of the social safety net as possible (e.g. Basic Health Plan, Children's Health, Disability Lifeline Medical).

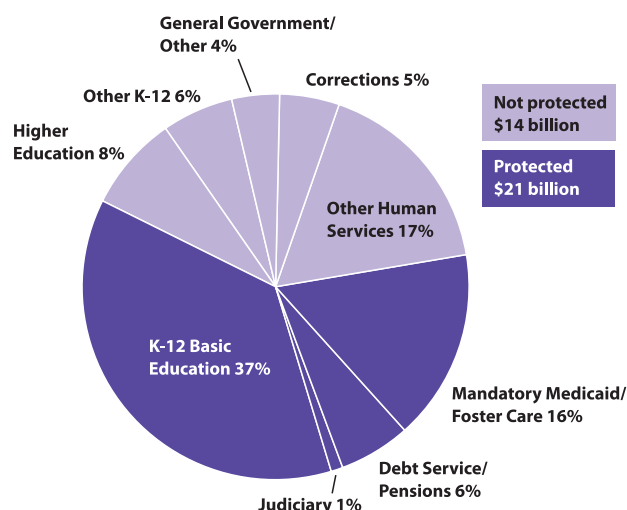
We attempted to spread the reductions across all areas of government, while leaving \$725 million in reserves to make sure we are better prepared for future impacts.

I feel that it is important to note that some of these cuts could have been avoided or partially mitigated by closing tax loopholes. Unfortunately, we were unable to garner the super-majority of votes needed for elimination of some tax loopholes. You may recall that passage of Initiative 1053 reinstated a requirement for a two-thirds majority in the legislature to increase any tax. What some may not realize is that Initiative 1053 also eliminated our ability to close tax loopholes – even the ones that have been reviewed and found not to be effective.

Lastly, it is my hope that we can continue to have an active discussion about aligning our revenues with our expectations as citizens of this great state. As we move forward it will be important for us to understand what it takes to run the programs and community needs we desire. We need to align our spending with our revenues and balance our budget – and we have done that. But we also must align our revenues with our expectations about what we desire our communities to be. I look forward to continuing a discussion that moves us in this direction.

Majority of \$35 Billion Budget is Protected

Tied to state constitutional or federal requirements



60% of the budget is protected

Legislative progress

Protecting property owners along shorelines –

Homeowners along shorelines are increasingly finding themselves subject to policies hindering their ability to acquire insurance or sell their property. Many are now categorized as a ‘non- conforming use,’ a distinction serving as a black mark on paper. My bill, Senate Bill 5451, addresses this hindrance in the simplest way possible, but without environmental impact, by eliminating the term ‘non-conforming’ for residential homes. Simply put, if your home was constructed legally, and is within the existing footprint, it is now a conforming structure.



Helping small businesses – Currently, real estate firms that participate in joint transactions each have to forfeit the same portion of their commission to the state for B&O tax. In some cases, this led to double and triple taxation of the same money. I drafted Senate Bill 5083 to clarify that the basis for determining the B&O tax rate for real estate firms is the total commission amount received, as opposed to the number of individuals or firms that are sharing it. The result is a fair tax rate for a business sector that, like many, is struggling to recover and find strong financial footing after the Great Recession.

Creating the strongest oil spill program in the country – Each year, 4,000 tankers deliver 15 billion gallons of oil via Washington waterways. This year, I was proud to sponsor Senate Bill 5439, a series of significantly expanded and new responsibilities for oil companies that operate in Washington waters. Working with numerous stakeholders, the industry and the House sponsor of the companion bill, House Bill 1186, we were able to develop a solution that has made Washington State’s oil spill preparedness and response capabilities the strongest in the country. This is not to say we will not have a spill, it is to say that we are now better prepared with the most advanced spill response equipment available.

Preserving service and expanding the fleet

Washington has the largest ferry service in the country. With more than 22 million riders, our ferries transport more people than Seatac Airport annually. Ferries are also one of the state’s single largest tourist attractions, bringing in over \$15 billion in tourism dollars in 2010.

Despite these compelling numbers, cuts to service over the last decade have remained the norm. These cuts have left our ferry-dependent communities with fewer options while significantly impacting our economies. Maintaining critical service levels and replacing our aging fleet is every bit as important as replacing the crumbling Alaska Way Viaduct.

That’s why I am very pleased to inform you that thanks to some last minute negotiating led by those of us serving ferry districts, this year we have halted the decade long erosion of service and will begin construction of the first new 144 car ferry in decades. You read that right – there are to be no service reductions and we will build the first new boat for the full system in decades.

Maintaining the current levels of service provides certainty to ferry dependent families, school children, businesses and our emergency services. Building a new 144-car ferry not only provides critically needed infrastructure, but also creates hundreds of Washington jobs in our maritime industry when they are desperately needed. To have achieved this during such a difficult session is an incredible victory for our ferry dependent communities, our transportation system and the hundreds of Washingtonians employed in our maritime industry.



Despite the intense focus on the budget, we were able to secure some important policy advancements for Washington jobs, businesses and the environment. Here are some of the highlights.	
Senate Bill 5622 – Saved our state parks and other recreational lands from closure. Without action, these lands would have faced widespread closure, having a drastic effect upon the local economies that depend upon reliable access.	Senate Bill 5755 – This temporary program recognizes that like the state, cities and counties are having to make cuts across the board. It gives them the additional flexibility to allow them to prioritize and focus their investments within communities that need them the most.
Senate Bill 5436 – Makes Washington State the first in the country to phase out copper paint on boat bottoms, protecting our Sound for future generations. Brought to me by the marine industry, this bill particularly helps our small boat yards, while significantly contributing to recovery of our marine waters.	Senate Bill 5230 – This proposal consolidates and enhances the current Washington Conservation Corps Program, creating approximately 150 jobs for young adults and veterans.

We recognized that in order to get our economy moving again, now is the time to maintain critical infrastructure and create desperately needed jobs. Below is a list of transportation and capital projects that I worked hard to secure for the 40th District. These projects will create approximately 320 jobs in the 40th District this year. Capital and transportation projects will create over 46,000 jobs in the coming year. You may find more detail regarding these important projects on my website at: www.sdc.wa.gov/senators/ranker

Flood protection and riverfront renovation for Mount Vernon - \$1,981,000

Residents of Skagit and Whatcom Counties know too well the danger that floods pose for our families, communities and our livelihood. That's why I worked with the Mount Vernon City Council and the Skagit County Commissioners to achieve funding enhancing Mount Vernon's flood protection systems, including a provision to renovate the downtown riverfront core. Not only will this help prevent future floods; the appropriation will also serve as a critical economic driver for downtown Mount Vernon and the waterfront.

Critical Community Projects in the 40th District - \$1,130,000

Funding for restoration and redevelopment of a depot plaza in Anacortes was a priority of mine. In addition to creating construction jobs, this facility will create a permanent structure for the farmers market and a wonderful community events center. This facility will be an economic and cultural hub, creating a new and improved outlet for farmers across Skagit County and will allow local Anacortes residents to enjoy the literal fruits of their labor.

I have always been proud to have Skagit Valley Hospital in the 40th District, but after touring the facility last summer and hearing about the potential opportunities for our community with the expansion, I made their funding request another of my priorities. This investment is a bright spot in a year of budget turmoil and devastating cuts. I am proud to have been a

part in aiding their expansion and will continue to advocate on their behalf in Olympia.

I-5 transportation improvements - \$6,000,000

These transportation improvements will create numerous jobs while providing important safety and infrastructure upgrades through reconstructing the ramp and intersections along SR 542. This will ensure the continued smooth flow of traffic and goods on one of our most critical roadways.

Western Washington University improvements, enhancements and renovation - \$26,000,000

It's no secret that our state's higher education institutions are the gateway to our future economic success. These renovations and enhancements will create hundreds of critical jobs in Whatcom County and provide a safe and healthy learning environment for our students.

Washington State Ferry terminal improvements - \$26,000,000

In addition to the construction of the new 144-car ferry referenced earlier in this newsletter, specific 40th District improvements include improvement and preservation of Lopez, Shaw, Orcas, Friday Harbor, Anacortes' terminals.

40th District capital investment summary

Together, these appropriations will create hundreds of jobs across Whatcom, Skagit and San Juan Counties and build the infrastructure necessary to keep our economy moving, helping maintain our quality of life.

Stay in touch! As always, never hesitate to contact me with your thoughts and questions about state government. Please feel free to contact me at either of my district offices. I am happy to discuss any issues or ideas you have. I look forward to seeing you around the great 40th District.

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